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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended March 31, 1992

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period _____ to __

Commission file number 0-15658

BEST COPY
AVAILABLE

PETER KIEWIT SONS', INC.
(Exact name of registrant as specified in its charter)

Delaware (State of Incorporation)	47-0210602 (I.R.S. Employer Identification No.)
1000 Kiewit Plaza, Omaha, Nebraska (Address of principal executive offices)	68131 (Zip Code)

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PROCESSED BY
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402-342-2052
(Registrant's telephone number,
including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report(s)), and (2) has been subject to such filing requirements for the past 90 days. Yes X No___

The number of shares outstanding of each class of the issuer's common stock, as of May 1, 1992:

Class B Common Stock	1,257,000 shares
Class C Common Stock	14,761,246 shares
Class D Common Stock	20,471,577 shares

number of sequentially numbered pages: 35
Exhibit Index located at page: 31

PETER KIEWIT SONS', INC. AND SUBSIDIARIES

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PETER KIEWIT SONS', INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Earnings
(unaudited)

(dollars in millions, except per share data)	Three months ended March 31, 1992	1991
Revenue	$ 442	$ 446
Other Income	28	21
	470	467
Costs and Expenses:		
Cost of revenue	387	401
Selling and administrative	45	42
Interest	3	20
	435	463
Earnings from Continuing Operations Before Income Taxes	35	4
Provision for Income Taxes	12	2
Earnings from Continuing Operations	23	2
Discontinued Operations:		
Earnings from discontinued operations net of income taxes of $ - and $12	-	5
Net Earnings	$ 23	$ 7
Earnings Per Common and Common Equivalent Share:		
B&C Stock:		
Primary	$ .50	$ .26
Fully Diluted	$ .50	$ .26
D Stock:		
Primary:		
Continuing Operations	$ .67	$(.17)
Discontinued Operations	-	.26
Net Earnings	$ .67	$ .09
Fully Diluted:		
Continuing Operations	$ .66	$(.17)
Discontinued Operations	-	.26
Net Earnings	$ .66	$ .09
Cash Dividends per Common Share:		
B&C Stock	$ .40	$ .30
D Stock	$1.60	$ .70

See accompanying notes to consolidated condensed financial statements.

PETER KIEWIT SONS', INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets

(dollars in millions)	March 31, 1992	December 28, 1991
	(unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	$ 66	$ 243
Temporary investments, at lower of cost or market	875	825
Receivables, less allowance of $7 and $7	223	266
Notes receivable from sales of discontinued operations	160	72
Costs and earnings in excess of billings on uncompleted construction contracts	106	71
Investment in construction joint ventures	51	45
Deferred income taxes	29	21
Other	50	79
Total Current Assets	1,560	1,622
Property, Plant and Equipment, less accumulated depreciation and amortization of $544 and $546	354	348
Notes Receivable from Sales of Discontinued Operations	144	244
Investments	191	186
Other Assets	223	232
	$2,472	$2,632

See accompanying notes to consolidated condensed financial statements.

PETER KIEWIT SONS', INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets

(dollars in millions, except per share data)	March 31, 1992	December 28, 1991
Liabilities and Stockholders' Equity	(unaudited)	
Current Liabilities:		
Accounts payable	$ 187	$ 198
Current portion of long-term debt	2	15
Accrued construction costs and billings in excess of revenue on uncompleted contracts	125	116
Accrued insurance costs	62	61
Other	135	159
Total Current Liabilities	511	549
Long-Term Debt, less current portion	90	110
Deferred Income Taxes	308	306
Retirement Benefits	58	58
Accrued Reclamation Costs	93	93
Other Liabilities	117	120
Stockholders' Equity:		
Preferred stock, no par value, Authorized 250,000 shares: no shares outstanding		
Common stock, $.0625 par value, $1.2 billion aggregate redemption value:		
Class B, authorized 8,000,000 shares: 1,257,000 outstanding in 1992 and 1,394,000 in 1991	-	-
Class C, authorized 125,000,000 shares: 14,828,033 outstanding in 1992 and 19,384,278 in 1991	1	-
Class D, authorized 50,000,000 shares: 20,493,295 outstanding in 1992 and 20,778,278 in 1991	1	1
Additional paid-in capital	121	129
Foreign currency adjustment	5	9
Retained earnings	1,167	1,257
Total Stockholders' Equity	1,295	1,396
	$2,472	$2,632

See accompanying notes to consolidated condensed financial statements.

PETER KIEWIT SONS', INC. AND SUBSIDIARIES

Consolidated Condensed Statements of Cash Flows
(unaudited)

(dollars in millions)	Three months ended March 31, 1992	1991
Cash flows from operations:		
Net cash provided by continuing operations	$ 5	$ 33
Cash flows from investing activities:		
Proceeds from sales of temporary investments	1,749	712
Purchases of temporary investments	(1,805)	(443)
Proceeds from sales of property, plant and equipment, and other investments	12	5
Capital expenditures	(27)	(33)
Investment in affiliate	(5)	(29)
Other	(2)	(4)
Net cash provided by (used in) investing activities	(78)	208
Cash flows from financing activities:		
Long-term debt borrowings	-	19
Payments on long-term debt, including current portion	(33)	(70)
Net change in short-term borrowings	-	(100)
Repurchases of common stock	(80)	(136)
Dividends paid	(10)	(11)
Net cash used in financing activities	(123)	(298)
Cash flows from discontinued packaging operations:		
Proceeds from sales of discontinued packaging operations	16	286
USW ERISA Litigation settlement installment payment	-	(207)
Other cash provided by discontinued packaging operations	3	24
Net cash provided by discontinued packaging operations	19	103
Effect of exchange rates on cash	-	1
Net change in cash and cash equivalents	(177)	47
Cash and cash equivalents at beginning of period	243	256
Cash and cash equivalents at end of period	$ 66	$ 303
Supplemental disclosure of cash flow information for continuing and discontinued operations:		
Taxes	$ 19	$ 22
Interest	4	21

See accompanying notes to consolidated condensed financial statements.

PETER KIEWIT SONS', INC. AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements

1. The consolidated condensed balance sheet of Peter Kiewit Sons', Inc. and subsidiaries (the "Company") at December 28, 1991 has been condensed from the Company's audited balance sheet as of that date. For comparative purposes, the December 28, 1991 balance sheet presents the new Class B&C and Class D stock amounts as if the reclassification and exchange occurred at the beginning of 1991. All other financial statements contained herein are unaudited and, in the opinion of management, contain all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of financial position and results of operations for the periods presented. The Company's accounting policies and certain other disclosures are set forth in the notes to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 28, 1991.

   The consolidated condensed statement of earnings for the three months ended March 31, 1991 was restated when the Company filed, on April 29, 1992, a Form 8, Amendment 1, to its March 31, 1991 Quarterly Report on Form 10-Q. The Form 8 restated the Company's results of operations and financial position to reflect the adoption of Statement of Financial Accounting Standards ("SFAS") No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", as of the beginning of 1991.

   Where appropriate, items within the consolidated condensed financial statements have been reclassified from the previous year to conform to current year presentation.

2. Subsequent to March 31, 1992, the Company collected $100 million in cash when Plastic Containers, Inc. repaid a bridge note receivable prior to maturity. Accordingly, the note was reclassified to current at March 31, 1992.

   Discontinued packaging operations for the quarter ended March 31, 1992 is less than $1 million and reflects the equity earnings of the Company's equity investment in a plastics joint venture, net of tax at the statutory rate. Summary financial information relative to the discontinued packaging operations for the quarter ended March 31, 1991 is provided below:

(dollars in millions)	1991
Revenue	$604
Earnings Before Income Taxes	17
Net Earnings	5

   The effective 1991 income tax rate was higher than the statutory rate of 34%, primarily resulting from the effects of purchase accounting, state income taxes and higher taxes on foreign earnings.

PETER KIEWIT SONS', INC. AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements

3. Primary earnings per share of common stock have been computed using the weighted average number of shares outstanding during each period. For purposes of computing earnings per share data for periods prior to January 8, 1992, the number of Class B&C and Class D shares was assumed to be the same as the aggregate number of previous Class B and Class C shares. Fully diluted earnings per share assume the conversion of convertible debentures and elimination of related interest expense, net of income tax effect. The number of shares used in computing earnings per share was as follows:

	Three months ended March 31	
	1992	1991
Class B&C		
Primary	19,338,325	20,617,776
Fully diluted	19,444,623	20,718,481
Class D		
Primary	19,870,894	20,617,776
Fully diluted	19,977 192	20,718,481

4. See "Legal Proceedings" with respect to the Whitney Benefits case in Part II, Item 1 of this Form 10-Q.

The Company is involved in various lawsuits, claims and regulatory proceedings incidental to its business. Management believes that any resulting liability for legal proceedings beyond that provided should not materially affect the Company's financial position.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations - First Quarter 1992 vs. First Quarter 1991

Revenue from continuing operations for the three months ended March 31 comprised the following (in millions):

	1992	1991
Construction	$357	$389
Mining	63	52
Telecommunications	22	4
Other	-	1
	$442	$446

General

Although certain construction activities such as highway and bridge work are negatively impacted by cold or adverse weather, the construction and mining operations in general are not considered seasonal in nature. Working capital is generally negatively impacted in the early phases of a construction contract, as the Company is frequently required to pay for construction materials and labor prior to receiving cash from its customers.

Construction

Construction revenue decreased 8% as the result of lower activity throughout the country and in Canada and the completion of various large projects which were reflected during the first quarter of 1991. Contract backlog at the end of the first quarter of 1992 was $1.9 billion, a $100 million decrease from backlog at first quarter 1991. Of the 1992 backlog, 12% relates to foreign projects which are mainly in Canada. The remaining first quarter backlog relates to U.S. projects, 46% of which are on the west coast. The gross margin was 7% in both 1992 and 1991.

The joint venture management of the nonsponsored Denmark tunnel project has completed negotiations with respect to the settlement of current claims against the project owner. The new agreement also covers additional costs and time extensions due to differing conditions at the site of the tunnel mining. Claims against an equipment supplier are currently being negotiated. Insurance claims with respect to the flooding of two of the four tunnels being mined as part of the project are still in the process of settlement. Management believes that these developments and the resolution of the uncertainties should not materially effect the Company's financial position.

Results of Operations - First Quarter 1992 vs. First Quarter 1991 (continued)

Mining

Mining revenue increased by 21% compared to the first quarter of 1991. Among the factors contributing to the increase was a 20% increase in tons of coal and lignite shipped and a 1% increase in the average sales price per ton. Revenue recognition on previously consummated sales of undivided interests in coal reserves to be mined in the future remained constant at $10 million.

The Calvert mine showed the greatest percentage increase in tons shipped while the shipments from the Decker and Black Butte mines reflected a modest increase over first quarter 1991 results. The Calvert mine has reached delivery levels of coal for its primary customer as required by contract. Continued significant increases in shipments from this mine are not anticipated in the near future. The increased shipments from the Decker and Black Butte mines reflect sales from new contracts and sales on the spot market. The average sales price per ton modestly increased due to the shipments from the Black Butte mine which have a higher contractual sales price per ton than the other mines.

The gross margin on mining revenue approximated 30% during the first quarter of 1992 compared to 23% during the same period in 1991. The increase in gross margin is the result of an upward adjustment to the sales price per ton on an existing contract and the negotiation of new contracts and spot market sales. The new contracts and spot market sales have enabled the various mines to increase productivity, thereby reducing the mining costs per ton and increasing the margin realized per ton.

See "Legal Proceedings" with respect to the Whitney Benefits case.

Telecommunications

Telecommunications revenue increased significantly during 1992. The increase results from MFS' acquisition during the fourth quarter of 1991 of a majority interest in a telecommunications business which provides service to the greater Washington D.C. area and improved market penetration in the other cities where MFS operates. The 1992 revenue also increased as a result of KNT, which was included in the construction segment in 1991, being awarded several system integration contracts to design and install communication systems for its customers. Cost of services in excess of revenue in 1992 decreased as a result of improved operating efficiencies which have favorably impacted the fixed and variable costs associated with providing these services.

Results of Operations - First Quarter 1992 vs. First Quarter 1991 (continued)

Other Income

During the first quarter of 1992 and 1991, the Company recognized $18 million of investment income. A gain of $2 million from the sale of approximately 6,000 acres of timberland was recognized in the first three months of 1992. During the same period in 1991, a gain of $1 million related to the sale of approximately 3,000 acres of timberlands was recognized. Gains and losses from other miscellaneous asset dispositions made up the remainder of Other Income.

Selling and Administrative Expenses

Selling and administrative expenses are higher in the first quarter of 1992 as compared to first quarter of 1991 due to a modest increase in several of the Company's administrative expenses and increases within the telecommunications operations.

Interest Expense

Interest expense for the first quarter of 1992 reflects the anticipated decrease due to the significant reductions during 1991 in both short-term borrowings and long-term debt. All short-term borrowings were repaid in July of 1991 and no new borrowings have been incurred. The Company also redeemed $150 million of debt in October of 1991 with no new material debt incurred since year-end 1991. The Company does not anticipate significant additions of short-term borrowings or long-term debt in the near future.

Discontinued Packaging Businesses

The remaining earnings from discontinued operations in 1992 result from the Company's equity investment in a plastics joint venture. Equity earnings from this investment were less than $1 million during the first quarter of 1992. Discontinued operations for the same period in 1991 primarily reflect earnings from packaging businesses which were sold subsequent to March 31, 1991. The adoption of Statement of Financial Accounting Standards ("SFAS") No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", partially offsets 1991 first quarter earnings.

Financial Condition - March 31, 1992 vs. December 28, 1991

During the first three months of 1992, the Company repurchased Class B&C and Class D shares, (assuming the reclassification and exchange occurred at the beginning of 1991, these shares would represent 1.3 million Class B&C shares and 1.3 million Class D shares), of common stock for $80 million, paid dividends of $10 million and on March 27, 1992, declared dividends of $.15 and $1.35 per share on Class B&C and Class D Stock, respectively, aggregating $30 million. The Company also retired $16 million of debt due to former stockholders, received $30 million from United States Can Company and collected $12 million with respect to receivables from the 1991 sales of certain discontinued packaging operations. Additionally, the Company invested $5 million for 447,500 shares of California Energy Company, Inc. common stock, bringing the Company's total investment to $99 million and ownership interest to approximately 19% at March 31, 1992. The Company has certain options to purchase additional shares of California Energy Company, Inc. common stock which it may choose to exercise in the future.

The Company's working capital position at the end of the first quarter of 1992, together with anticipated cash flows from operations, collection of receivables from the sales of various packaging operations and existing borrowing capacity, should be sufficient for the remainder of 1992's working capital and capital expenditure requirements. Subsequent to March 31, 1992, the Company purchased an additional 474,300 shares of California Energy Company, Inc. common stock for $6 million and collected $100 million in cash with respect to sales receivables when Plastic Containers, Inc. repaid a bridge note receivable prior to maturity. The Company anticipates that it will continue to invest between $65 million and $85 million annually in its construction and mining businesses, make significant investments in its telecommunication and energy businesses and search for opportunities to acquire operating businesses that are capital intensive and provide for long-term growth. The Company has been investigating and will continue to investigate these opportunities and intends to make significant acquisitions. These investments, along with the payment of income taxes and the repurchases of common stock, are expected to be the significant uses of liquidity. The Company's existing cash and cash equivalents, temporary investments, collection of sales receivables, cash flow from future operations and existing borrowing capacity are expected to provide sufficient liquidity to fund these expenditures.

The Company is currently required to adopt SFAS No. 109, "Accounting for Income Taxes", no later than 1993. The new standard would significantly change the method of accounting for income taxes. SFAS No. 109 permits, but does not require, restatement of previously issued financial statements. The Company has not yet elected the method, nor quantified the effect, of implementation on the financial statements.

KIEWIT CONSTRUCTION & MINING GROUP
Condensed Statements of Earnings
(unaudited)

(dollars in millions, except per share data)	Three months ended March 31, 1992	1991
Revenue	$ 359	$ 390
Other Income	22	11
	381	401
Costs and Expenses:		
Cost of revenue	335	364
Selling and administrative	30	27
Interest	-	1
	365	392
Earnings Before Income Taxes	16	9
Provision for Income Taxes	6	4
Net Earnings	$ 10	$ 5
Earnings Per Common and Common Equivalent Share:		
Primary	$ .50	$ .26
Fully Diluted	$ .50	$ .26
Cash Dividends per Common Share	$ .40	$ .30

See accompanying notes to condensed financial statements.

KIEWIT CONSTRUCTION & MINING GROUP

Condensed Balance Sheets

(dollars in millions)	March 31, 1992	December 28, 1991
	(unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	$ 51	$ 118
Temporary investments, at lower of cost or market	151	196
Receivables, less allowance of $2 and $2	165	211
Costs and earnings in excess of billings on uncompleted construction contracts	106	71
Investment in construction joint ventures	51	45
Other	48	38
Total Current Assets	572	679
Property, Plant and Equipment, less accumulated depreciation and amortization of $355 and $358	119	120
Other Assets	40	50
	$ 731	$ 849
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable, including retainage of $33 and $38	$ 126	$ 162
Current portion of long-term debt	1	7
Accrued construction costs and billings in excess of revenue on uncompleted contracts	125	116
Accrued insurance costs	62	61
Other	31	48
Total Current Liabilities	345	394
Long-Term Debt, less current portion	11	13
Deferred Income Taxes	5	3
Other Liabilities	36	39
Stockholders' Equity (Redeemable Common Stock, $225 million aggregate redemption value)		
Common equity	334	398
Foreign currency adjustment	-	2
Total Stockholders' Equity	334	400
	$ 731	$ 849

See accompanying notes to condensed financial statements.

KIEWIT CONSTRUCTION & MINING GROUP

Condensed Statements of Cash Flows
(unaudited)

(dollars in millions)	Three months ended March 31, 1992	1991
Cash flows from operations:		
Net cash provided by (used in) operations	$ (25)	$ 30
Cash flows from investing activities:		
Proceeds from sales of temporary investments	273	308
Purchases of temporary investments	(228)	(309)
Proceeds from sales of property, plant and equipment	8	3
Capital expenditures	(14)	(25)
Other	(2)	(1)
Net cash provided by (used in) investing activities	37	(24)
Cash flows from financing activities:		
Long-term debt borrowings	-	9
Payments on long-term debt, including current portion	(8)	(14)
Repurchases of common stock	(18)	(41)
Dividends paid	(5)	(3)
Exchange of Class B&C Stock for Class D Stock	(48)	-
Net cash used in financing activities	(79)	(49)
Effect of exchange rates on cash	-	1
Net change in cash and cash equivalents	(67)	(42)
Cash and cash equivalents at beginning of period	118	99
Cash and cash equivalents at end of period	$ 51	$ 57
Supplemental disclosure of cash flow information:		
Taxes	$ 9	$ 2
Interest	2	2

See accompanying notes to condensed financial statements.

KIEWIT CONSTRUCTION & MINING GROUP

Notes to Condensed Financial Statements

1. The condensed balance sheet of Kiewit Construction & Mining Group (the "Group") at December 28, 1991 has been condensed from the Group's audited balance sheet as of that date. All other financial statements contained herein are unaudited and have been prepared using the historical amounts included in the PKS consolidated condensed financial statements. The Group's accounting policies and certain other disclosures are set forth in the notes to the financial statements contained in PKS' Annual Report on Form 10-K for the year ended December 28, 1991.

   Although the financial statements of PKS' Construction & Mining Group and Diversified Group separately report the assets, liabilities and stockholders' equity of PKS attributed to each such group, legal title to such assets and responsibility for such liabilities will not be affected by such attribution. Holders of Class B&C Stock and Class D Stock are stockholders of PKS. Accordingly, the PKS consolidated condensed financial statements and related notes as well as those of the Kiewit Diversified Group should be read in conjunction with these financial statements.

   Temporary investments at March 31, 1992 and December 28, 1991 include approximately $40 million and $42 million, respectively, of investments which are being held by the owners of various construction projects in lieu of retainage. Receivables at March 31, 1992 and December 28, 1991 include approximately $46 million and $47 million, respectively, of retainage on uncompleted projects, the majority of which is expected to be collected within one year.

2. Primary earnings per share of common stock have been computed using the weighted average number of shares outstanding during each period. Fully diluted earnings per share assume the conversion of convertible debentures and elimination of related interest expense, net of income tax effect. The number of shares used in computing earnings per share was as follows:

	Three months ended March 31	
	1992	1991
Class B&C		
Primary	19,338,325	20,617,776
Fully diluted	19,444,623	20,718,481

KIEWIT CONSTRUCTION & MINING GROUP

Notes to Condensed Financial Statements

3. The Group's 50% portion of PKS' corporate assets and liabilities and related transactions, which are not separately identified with the ongoing operations of the Construction & Mining Group or the Diversified Group, is as follows (in millions):

	Group	
	March 31, 1992	December 28, 1991
Cash and cash equivalents	$ 5	$ 15
Temporary investments	50	38
Property, plant and equipment, net	8	8
Other assets	33	36
Total Assets	$ 96	$ 97
Accounts payable	$ 35	$ 24
Convertible debentures	2	2
Notes to former stockholders	8	17
Liability for stock appreciation rights	2	4
Other liabilities	7	6
Total Liabilities	$ 54	$ 53

	Group	
	Three months ended March 31,	
	1992	1991
Investment income, net of interest expense	$ 2	$ 2
Depreciation and stock appreciation rights costs	-	1
Other costs, net	1	1

3. (continued)

Corporate general and administrative costs have been allocated to the Group based upon certain measures of business activities, such as employment, investments and sales, which method management believes to be reasonable. These allocations were $8 million and $4 million for the three months ended March 31, 1992 and 1991, respectively.

M'ning service income that the Group recognized as a result of the Group's mine service agreement with the Diversified Group is $9 million in 1992 and $2 million in 1991.

4. The Group is involved in various lawsuits, claims and regulatory proceedings incidental to its business. Management believes that any resulting liability for legal proceedings beyond that provided should not materially affect the Group's financial position.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations - First Quarter 1992 vs. First Quarter 1991

Construction

Construction revenue decreased 8% as the result of lower activity throughout the country and in Canada and the completion of various large projects which were reflected during the first quarter of 1991. Contract backlog at the end of the first quarter of 1992 was $1.9 billion, a $100 million decrease from backlog at first quarter 1991. Of the 1992 backlog, 12% relates to foreign projects which are mainly in Canada. The remaining first quarter backlog relates to U.S. projects, 46% of which are on the west coast. The gross margin was 7% in both 1992 and 1991.

The joint venture management of the nonsponsored Denmark tunnel project has completed negotiations with respect to the settlement of current claims against the project owner. The new agreement also covers additional costs and time extensions due to differing conditions at the site of the tunnel mining. Claims against an equipment supplier are currently being negotiated. Insurance claims with respect to the flooding of two of the four tunnels being mined as part of the project are still in the process of settlement. Management believes that these developments and the resolution of the uncertainties should not materially effect the Group's financial position.

Other Income

During the first quarter of 1992 and 1991, the Group recognized $4 million and $5 million of investment income, respectively. Mining service income that the Group recognized as a result of the Group's mine service agreements with the Diversified Group was $9 million in 1992 and $2 million in 1991. Gains and losses from other miscellaneous asset dispositions made up the remainder of Other Income.

Selling and Administrative Expenses

Selling and administrative expenses are higher in the first quarter of 1992 as compared to the first quarter of 1991 due to an increase in the allocation of corporate expenses to the Group.

Interest Expense

Interest expense remained fairly constant and reflects the interest costs associated primarily with the convertible debentures and notes to former stockholders attributed to the Group.

Financial Condition - March 31, 1992 vs. December 28, 1991

During the first three months of 1992, the Group repurchased 1.3 million shares of common stock for $18 million, paid dividends of $5 million and declared an additional $2 million of dividends ($.15 per share), and retired $8 million of debt due to former stockholders. Additionally, the Group's common equity was reduced by $48 million upon the conversion of 3 million shares of Class B&C stock into 1 million shares of Class D stock. The Group's working capital position at the end of first quarter of 1992, along with anticipated cash flows from operations, should be sufficient for 1992 working capital and capital expenditure requirements. The Group anticipates that it will continue to invest between $50 million and $75 million annually in its construction business. These investments, along with the repurchases of common stock, are expected to be the significant long-term uses of liquidity. The Group's existing cash and cash equivalents, temporary investments and cash flow from future operations are expected to provide sufficient liquidity to fund these expenditures.

The Group is currently required to adopt Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes", no later than 1993. The new standard would significantly change the method of accounting for income taxes. SFAS No. 109 permits, but does not require, restatement of previously issued financial statements. The Group has not yet elected the method, nor quantified the effect, of implementation on the financial statements.

KIEWIT DIVERSIFIED GROUP
Condensed Statements of Earnings
(unaudited)

(dollars in millions, except per share data)	Three months ended March 31, 1992	1991
Revenue	$ 83	$ 56
Other Income	15	12
	98	68
Costs and Expenses:		
Cost of revenue	54	38
Selling and administrative	22	16
Interest	3	19
	79	73
Earnings (loss) from Continuing Operations Before Income Taxes (Benefit)	19	(5)
Provision for Income Taxes (Benefit)	6	(2)
Earnings (loss) from Continuing Operations	13	(3)
Discontinued Operations:		
Earnings from discontinued operations net of income taxes of $- and $12	-	5
Net Earnings	$ 13	$ 2
Earnings Per Common and Common Equivalent Share:		
Primary:		
Continuing Operations	$ .67	$(.17)
Discontinued Operations	-	.26
Net Earnings	$ .67	$ .09
Fully Diluted:		
Continuing Operations	$ .66	$(.17)
Discontinued Operations	-	.26
Net Earnings	$ .66	$ .09
Cash Dividends per Common Share:	$1.60	$ .70

See accompanying notes to condensed financial statements.

KIEWIT DIVERSIFIED GROUP

Condensed Balance Sheets

(dollars in millions)	March 31, 1992 (unaudited)	December 28, 1991
Assets		
Current Assets:		
Cash and cash equivalents	$ 15	$ 125
Temporary investments, at lower of cost or market	724	629
Receivables, less allowance of $5 and $5	67	64
Notes receivable from sales of discontinued operations	160	72
Other	40	71
Total Current Assets	1,006	961
Property, Plant and Equipment, less accumulated depreciation and amortization of $189 and $188	235	228
Notes Receivable from Sales of Discontinued Operations	144	244
Investments	191	186
Other Assets	183	182
	$1,759	$1,801
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 70	$ 37
Current portion of long-term debt	1	8
Other	113	128
Total Current Liabilities	184	173
Long-Term Debt, less current portion	79	97
Deferred Income Taxes	303	303
Retirement Benefits	58	58
Accrued Reclamation Costs	93	93
Other Liabilities	81	81
Stockholders' Equity ($948 million aggregate redemption value)		
Common equity	956	989
Foreign currency adjustment	5	7
Total Stockholders' Equity	961	996
	$1,759	$1,801

See accompanying notes to condensed financial statements.

KIEWIT DIVERSIFIED GROUP

Condensed Statements of Cash Flows
(unaudited)

(dollars in millions)	Three months ended March 31, 1992	1991
Cash flows from operations:		
Net cash provided by continuing operations	$ 30	$ 3
Cash flows from investing activities:		
Proceeds from sales of temporary investments	1,476	404
Purchases of temporary investments	(1,577)	(134)
Proceeds from sales of property, plant and equipment, and other investments	4	2
Capital expenditures	(13)	(8)
Investment in affiliate	(5)	(29)
Other	-	(3)
Net cash provided by (used in) investing activities	(115)	232
Cash flows from financing activities:		
Long-term debt borrowings	-	10
Payments on long-term debt, including current portion	(25)	(56)
Net change in short-term borrowings	-	(100)
Repurchases of common stock	(62)	(95)
Dividends paid	(5)	(8)
Exchange of Class B&C Stock for Class D Stock	48	-
Net cash used in financing activities	(44)	(249)
Cash flows from discontinued packaging operations:		
Proceeds from sales of discontinued packaging operations	16	286
USW ERISA Litigation settlement installment payment	-	(207)
Other cash provided by discontinued packaging operations	3	24
Net cash provided by discontinued packaging operations	19	103
Net change in cash and cash equivalents	(110)	89
Cash and cash equivalents at beginning of period	125	157
Cash and cash equivalents at end of period	$ 15	$ 246
Supplemental disclosure of cash flow information for continuing and discontinued operations:		
Taxes	$ 10	$ 20
Interest	2	19

See accompanying notes to condensed financial statements.

KIEWIT DIVERSIFIED GROUP

Notes to Condensed Financial Statements

1. The condensed balance sheet of Kiewit Diversified Group (the "Group") at December 28, 1991 has been condensed from the Group's audited balance sheet as of that date. All other financial statements contained herein are unaudited and have been prepared using historical amounts included in the PKS consolidated condensed financial statements. The Group's accounting policies and certain other disclosures are set forth in the notes to the financial statements contained in PKS' Annual Report on Form 10-K for the year ended December 28, 1991.

   Although the financial statements of PKS' Construction & Mining Group and Diversified Group separately report the assets, liabilities and stockholders' equity of PKS attributed to each such group, legal title to such assets and responsibility for such liabilities will not be affected by such attribution. Holders of Class B&C Stock and Class D Stock are stockholders of PKS. Accordingly, the PKS consolidated condensed financial statements and related notes as well as those of the Kiewit Construction & Mining Group should be read in conjunction with these financial statements.

2. Subsequent to March 31, 1992, the Group collected $100 million in cash when Plastic Containers, Inc. repaid a bridge note receivable prior to maturity. Accordingly, the note was reclassified to current at March 31, 1992.

   Discontinued packaging operations for the quarter ended March 31, 1992 is less than $1 million and reflects the equity earnings of the Group's equity investment in a plastics joint venture, net of tax at the statutory rate. Summary financial information relative to the discontinued packaging operations for the quarter ended March 31, 1991 is provided below:

(dollars in millions)	1991
Revenue	$604
Earnings Before Income Taxes	17
Net Earnings	5

   The effective 1991 income tax rate was higher than the statutory rate of 34%, primarily resulting from the effects of purchase accounting, state income taxes and higher taxes on foreign earnings.

3. Primary earnings per share of common stock have been computed using the weighted average number of shares outstanding during each period. For purposes of computing earnings per share data for the periods prior to January 8, 1992, the number of Class D shares was assumed to be the same as the aggregate number of previous Class B and Class C shares. Fully diluted earnings per share assume the conversion of convertible debentures and elimination of related interest expense, net of income tax effect. The number of shares used in computing earnings per share was as follows:

	Three months ended March 31	
	1992	1991
Class D		
Primary	19,870,894	20,617,776
Fully diluted	19,977,192	20,718,481

4. The Group's 50% portion of PKS' corporate assets and liabilities and related transactions, which are not separately identified with the ongoing operations of the Construction & Mining Group or the Diversified Group, is as follows (in millions):

	Group	
	March 31, 1992	December 28, 1991
Cash and cash equivalents	$ 5	$ 16
Temporary investments	51	37
Property, plant and equipment, net	8	8
Other assets	33	37
Total Assets	$ 97	$ 98
Accounts payable	$ 35	$ 24
Convertible debentures	2	2
Notes to former stockholders	9	17
Liability for stock appreciation rights	2	4
Other liabilities	7	7
Total Liabilities	$ 55	$ 54

4. (continued)

	Group Three months ended March 31,	
	1992	1991
Investment income, net of interest expense	$ 2	$ 1
Depreciation and stock appreciation rights costs	-	1
Other costs, net	1	1

Corporate general and administrative costs have been allocated to the Group based upon certain measures of business activities, such as employment, investments and sales, which method management believes to be reasonable. These allocations were $3 million and $4 million for the three months ended March 31, 1992 and 1991, respectively.

Mining service expense that the Group recognized as a result of the Group's mine service agreement with the Construction & Mining Group is $9 million in 1992 and $2 million in 1991.

5. See "Legal Proceedings' with respect to the Whitney Benefits Case in Part II, Item 1 of this Form 10-Q.

The Group is involved in various lawsuits, claims and regulatory proceedings incidental to its business. Management believes that any resulting liability for legal proceedings beyond that provided should not materially affect the Group's financial position.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations - First Quarter 1992 vs. First Quarter 1991

Mining

Mining revenue increased by 21% compared to the first quarter of 1991. Among the factors contributing to the increase was a 20% increase in tons of coal and lignite shipped and a 1% increase in the average sales price per ton. Revenue recognition on previously consummated sales of undivided interests in coal reserves to be mined in the future remained constant at $10 million.

The Calvert mine showed the greatest percentage increase in tons shipped while the shipments from the Decker and Black Butte mines reflected a modest increase over first quarter 1991. The Calvert mine has reached delivery levels of coal for its primary customer as required by contract. Continued significant increases in shipments from this mine are not anticipated in the near future. The increased shipments from the Decker and Black Butte mines reflect sales from new contracts and sales on the spot market. The average sales price per ton modestly increased due to the shipments from the Black Butte mine which have a higher contractual sales price per ton than the other mines.

The gross margin on mining revenue approximated 30% during the first quarter of 1992 compared to 23% during the same period in 1991. The increase in gross margin is the result of an upward adjustment to the sales price per ton on an existing contract and the negotiation of new contracts and spot market sales. The new contracts and spot market sales have enabled the various mines to increase productivity, thereby reducing the mining costs per ton and increasing the margin realized per ton.

See "Legal Proceedings" with respect to the Whitney Benefits case.

Telecommunications

Telecommunications revenue increased significantly during 1992. The increase results from MFS' acquisition during the fourth quarter of 1991 of a majority interest in a telecommunications business which provides service to the greater Washington D.C. area and improved market penetration in the other cities where MFS operates. The 1992 revenue also increased as a result of KNT, which was included in the construction segment in 1991, being awarded several system integration contracts to design and install communication systems for its customers. Cost of services in excess of revenue in 1992 decreased as a result of improved operating efficiencies which have favorably impacted the fixed and variable costs associated with providing these services.

Results of Operations - First Quarter 1992 vs. First Quarter 1991 (continued)

Other Income

During the first quarter of 1992 and 1991, the Group recognized $14 million and $13 million of investment income, respectively. A gain of $2 million from the sale of approximately 6,000 acres of timberland was recognized in the first three months of 1992. During the same period in 1991, a gain of $1 million related to the sale of approximately 3,000 acres of timberlands was recognized. Gains and losses from other miscellaneous asset dispositions made up the remainder of Other Income.

Selling and Administrative Expenses

Selling and administrative expenses are higher in the first quarter of 1992 as compared to first quarter of 1991 due primarily to higher mine management fees paid to the Construction & Mining Group and increased expenses in the telecommunications operations.

Interest Expense

Interest expense for the first quarter of 1992 reflects the anticipated decrease due to the significant reductions during 1991 in both short-term borrowings and long-term debt. All short-term borrowings were repaid in July of 1991 and no new borrowings have been incurred. The Group also redeemed $150 million of debt in October of 1991 with no new material debt incurred since year-end 1991. The Group does not anticipate significant additions of short-term borrowings or long-term debt in the near future.

Discontinued Packaging Businesses

The remaining earnings from discontinued operations result from the Group's equity investment in a plastics joint venture. Equity earnings from this investment were less than $1 million during the first quarter of 1992. Discontinued operations for the same period in 1991 primarily reflect earnings from packaging businesses which were sold subsequent to March 31, 1991. The adoption of Statement of Financial Accounting Standards ("SFAS") No 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", partially offset 1991 first quarter earnings.

Financial Condition - March 31, 1992 vs. December 28, 1991

During the first three months of 1992, the Group repurchased 1.3 million shares of common stock for $62 million, paid dividends of $5 million and declared an additional $28 million of dividends ($1.35 per share). The Group also retired $8 million of debt due to former stockholders, received $30 million from United States Can Company and collected $12 million with respect to receivables from the 1991 sales of certain discontinued packaging operations. Additionally, the Group's common equity was increased by $48 million upon the conversion of 3 million shares of Class B&C stock into 1 million shares of Class D stock. The Group also invested $5 million for 447,500 shares of California Energy Company, Inc. common stock, bringing the Group's total investment to $99 million and ownership interest to approximately 19% at March 31, 1992. The Group has certain options to purchase additional shares of California Energy Company, Inc. common stock which it may choose to exercise in the future.

The Group's working capital position at the end of the first quarter of 1992, together with anticipated cash flows from operations, collection of receivables from the sales of various packaging operations and existing borrowing capacity, should be sufficient for the remainder of 1992's working capital and capital expenditure requirements. Subsequent to March 31, 1992, the Group purchased an additional 474,300 shares of California Energy Company, Inc. common stock for $6 million and collected $100 million in cash with respect to sales receivables when Plastic Containers, Inc. repaid a bridge note receivable prior to maturity. The Group anticipates that it will continue to invest between $5 million and $10 million annually in its mining businesses, make significant investments in its telecommunications and energy businesses and search for opportunities to acquire operating businesses that are capital intensive and provide for long-term growth. The Group has been investigating and will continue to investigate these opportunities and intends to make significant acquisitions. These investments, along with the payment of income taxes and the repurchases of common stock, are expected to be the significant long-term uses of liquidity. The Group's existing cash and cash equivalents, temporary investments, collection of sales receivables, cash flow from future operations and existing borrowing capacity are expected to provide sufficient liquidity to fund these expenditures.

The Group is currently required to adopt SFAS No. 109, "Accounting for Income Taxes", no later than 1993. The new standard would significantly change the method of accounting for income taxes. SFAS No. 109 permits, but does not require, restatement of previously issued financial statements. The Group has not yet elected the method, nor quantified the effect, of implementation on the financial statements.

PETER KIEWIT SONS', INC. AND SUBSIDIARIES

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Whitney Litigation. In 1974, a subsidiary of the Company ("Kiewit"), entered into a lease agreement with Whitney Benefits, Inc., a Wyoming charitable corporation ("Whitney"), under which Kiewit was granted the right to mine all of the coal owned by Whitney at a location in Sheridan County, Wyoming. Whitney retained the right to receive royalties from the sale of such coal by Kiewit. In August 1977, the Surface Mining Control and Reclamation Act was enacted. The Act prohibited surface coal mining in certain alluvial valley floors in the western U.S., including the Whitney property. In 1983, Kiewit and Whitney filed an action, now titled Whitney Benefits, Inc. and Peter Kiewit Sons', Co. v. The United States, in the U.S. Claims Court, seeking compensation for the taking of Whitney's royalty interest and Kiewit's interest in the coal reserves. In October 1989, the Claims Court ruled that a taking had occurred and awarded plaintiffs the 1977 fair market value of the property (calculated to be $60.3 million) plus interest. In February 1991, the U.S. Court of Appeals for the Federal Circuit affirmed the decision of the Claims Court. In November 1991, the U.S. Supreme Court denied certiorari. The effect of the denial was to leave intact the Claims Court decision.

The parties continue to litigate several issues. One issue is whether the plaintiffs are entitled to simple interest (approximately $93 million for the period August 1977 to March 1992) in addition to the $60.3 million, or to compound interest. The plaintiffs have jointly asked the Claims Court to require compound interest, which would more than double the simple interest amount.

On March 20, 1992, the government filed a motion in the Claims Court for a new trial to redetermine the value of the property. The government alleges that new evidence presented by the plaintiffs in a proceeding concerning allocation of the award between plaintiffs was inconsistent with testimony relied on by plaintiffs during the earlier trial on valuation issues and that for this reason an injustice has been done the United States. Kiewit and Whitney have urged the Claims Court to deny the government's motion.

In April 1992 the plaintiffs agreed that Kiewit will receive 67.5 percent and Whitney will receive 32.5 percent of any award. It is not presently known when these proceedings will be concluded, what amount will be awarded to Kiewit, nor when payment of that amount will occur.

Item 2. Changes in Securities

On January 8, 1992, a Restated Certificate of Incorporation of the Company was filed with the State of Delaware. On that date the existing common stock of the Company was reclassified and exchanged for new common stock. Each existing share of Class A Common Stock, $.0625 par value, was exchanged for one share of Class B Construction & Mining Group Nonvoting Restricted Redeemable Convertible Common Stock, $.0625 par value, and one share of Class D Diversified Group

Item 2. (continued)

Convertible Exchangeable Common Stock, $.0625 par value. Each existing share of Class C Common Stock, $.0625 par value, was exchanged for one share of Class C Construction & Mining Group Restricted Redeemable Convertible Exchangeable Common Stock, $.0625 par value, and one share of Class D Diversified Group Convertible Exchangeable Common Stock. $.0625 par value. A Registration Statement on Form S-4 relating to this matter was declared effective by the Securities and Exchange Commission on November 5, 1991. The Consent Statement and Prospectus filed as part of that Registration Statement, which has been furnished to all stockholders, contained detailed and summary information describing the rights of the holders of the existing and proposed classes of securities. A brief statement of the general effect of such modifications upon the rights of holders of such securities can be satisfied by reference to Page 1, "Summary of D Stock Proposal", and Page 2 "Summary of Material Risks of D Stock", of that Consent Statement and Prospectus, which pages are hereby incorporated by reference.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits filed as part of this report are listed below.

Exhibit Number	
28	Pages 1 and 2 of the Consent Statement and Prospectus, a part of the Company's Registration Statement on Amendment No. 1 to Form S-4 filed November 4, 1991 (SEC File No. 33-43519).

(b) Report on Form 8-K filed January 23, 1992 reported the stockholder approval of the D Stock Proposal and the reclassification and exchange of the Company's common stock, effective January 8, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PETER KIEWIT SONS', INC.

Dated: May 14, 1992

Robert E. Julian
Executive Vice President
Chief Financial Officer

EXHIBIT 28

Page 1, "Summary of D Stock Proposal" and Page 2, "Summary of Material Risks of D Stock" of the Consent Statement and Prospectus, a part of the Company's Registration Statement on Amendment No. 1 to Form S-4 filed November 4, 1991 (SEC File No. 33-43519).

Summary of D Stock Proposal

The following summary is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Consent Statement. See Annex I for a Glossary of Capitalized Terms used in this Consent Statement.

	Existing Common Stock	New B&C Stock	New D Stock
Business		Construction and mine management	Diversified businesses: packaging, telecommunications, quarry production, coal mining.
Voting Rights	Class B Stock: Non-voting Class C Stock: One vote per share	B Stock: Non-voting C Stock: One vote per share.	One vote per share.
• Board of Directors	2/3 of Board must be "inside" directors. Elected by cumulative voting.	2/3 of directors elected by C Stock. 4/5 of C directors must be "inside". Elected by cumulative voting.	1/3 of directors elected by D Stock. No cumulative voting.
• Supermajority Requirements	60% vote required to approve fundamental corporate matters' decisions as stock formula, permitting a public offering or sale of stock to nonemployees, certain mergers, consolidations, sale of substantially all of Company's assets, and changes in the capital structure.	60% vote of C Stock plus majority of Voting Stock (C Stock and D Stock combined) required to approve fundamental corporate decisions.	Majority of Voting Stock (which includes D Stock) must approve fundamental corporate decisions. Separate class vote required in certain circumstances.
• Equalizing Stock Dividends	No provision.	Board can declare stock dividends on C Stock, increasing number of outstanding C Stock votes, without corresponding stock dividends on D Stock.	-
Formula Price	Per share price is based on stock formula, which is the Company's consolidated stockholders' equity, less the value of construction equipment.	Class B&C Per Share Price is based on B&C Formula Value, which is the Company's consolidated stockholders' equity, less the value of construction equipment, and less the Class D Formula Value.	Class D Per Share Price is based on Class D Formula Value, which is the stockholders equity of Diversified Group, plus one-half of the unconsolidated stockholders' equity of PKS itself and any Non-Operating Subsidiaries (e.g. PKS Information Services, Inc.)
Dividends	Policy is to pay 15-20% of consolidated earnings as cash dividends.	Policy is to pay 15-20% of consolidated earnings as cash dividends.	No dividend policy established. Dividends cannot exceed Class D Formula Value.
Liquidation	In the event of liquidation, Class B Stock is paid $0.34 per share, then Class C Stock is paid $0.34 per share, then remaining assets are divided on an equal per share basis.	In the event of liquidation, from the assets remaining for distribution to the common stockholders, the Board will establish two accounts. The D Liquidation Account will be in an amount equal to the value of the Diversified Group's assets, plus an amount equal to one-half of the unconsolidated stockholders' equity of PKS itself and any Non-Operating Subsidiaries. The B&C Liquidation Account will be the value of the remaining assets. First, B&C Stockholders will receive an amount equal to $1.00 per share, reducing the B&C Liquidation Account. Second, D Stockholders will receive an amount equal to $2.00 per share, reducing the D Liquidation Account. Finally, any assets remaining in the B&C Account shall be distributed to the B&C Stockholders and any assets remaining in the D Account shall be distributed to the D Stockholders.	
Mandatory Exchanges	No provisions.	Board can require exchanges of B&C Stock for shares of a Wholly-Owned Subsidiary that holds all the assets and liabilities of the Construction & Mining Group.	Board can require exchanges of D Stock for shares of a Wholly-Owned Subsidiary that holds all the assets and liabilities of the Diversified Group. Board can require an exchange of all D Stock for C Stock, unless D Stock is Publicly Traded, if D Stockholders are not eligible to own C Stock, the Company must repurchase D Stock for cash.
Ownership and Transfer Restrictions	Ownership by employees only (with exceptions). Stock must be resold to Company upon death or termination of employment. Sales by or to the Company only.	Ownership by employees only (with exceptions). Stock must be resold to Company upon death or termination of employment, except that stock of employees retiring at year end may be converted into D Stock. Sales by or to the Company only.	No restrictions on ownership and transfer.
Repurchase Obligations	Company must repurchase upon demand at formula price.	Company must repurchase upon demand at Class B&C Per Share Price Board can suspend obligations to repurchase for period of up to one year.	Company must repurchase upon demand at Class D Per Share Price, unless and until D Stock is Publicly Traded. Board can suspend obligations to repurchase for period of up to one year. Board can limit cash repurchase duties by offering payment in form of two-year promissory note.
Redemption	Class B Stock: At Board discretion, redeemable at formula price. Class C Stock: Board can require resale of "excessive increases" of stock, based on level of employee's contributions, effort, and responsibility.	B Stock: At Board discretion, redeemable at Class B&C Per Share Price. C Stock: Board can require resale of "excessive increases" of stock, based on level of employee's contributions, effort, and responsibility.	No provisions.
Conversion Rights	No provisions.	Holders can convert B&C Stock to D Stock on each January 1 and on 15th day after Effective Date.	Holders can convert D Stock into C Stock in connection with an offering or C Stock conversion limited to value of new C Stock offered.

Summary of Material Risks of D Stock

The following is a summary of the material risks of owning D Stock as compared to owning B&C Stock. It does not purport to summarize all the risks relating to the D Stock Proposal generally. The differing attributes of the B&C Stock and the D Stock are outlined in the "Summary of D Stock Proposal" on the previous page. The following summary is qualified in its entirety by the detailed information and financial statements appearing elsewhere in the Consent Statement. See Annex I for a Glossary of Capitalized Terms used in this Consent Statement.

	New B&C Stock	New D Stock
Voting Rights • Board of Directors	C Stock elects 2/3 of directors	D Stock elects only 1/3 of the directors, even though the actual Class D Formula Value may be 70-75% of the combined Class B&C and Class D Formula Values. Since most Board matters require simple majority voting, C Directors could control such decisions.
• Supermajority Requirements	80% of C Stock plus majority of Voting Stock (C Stock & D Stock combined) required to approve fundamental corporate matters.	C Stock effectively controls the approval of fundamental corporate changes.
• Equalizing Stock Dividends	The Board can declare stock dividends on C Stock without declaring commensurate D Stock dividends, so that the number of shares of C Stock will equal the number of outstanding shares of D Stock.	The Board (2/3 of which is elected by holders of C Stock) may increase the proportion of Voting Stock attributable to C Stock, thereby diluting the relative voting strength of D Stock. Although fundamental matters require approval of 80% of the C Stock, a majority of the Voting Stock is also required. The "Equalizing Stock Dividends" provision makes it difficult for D Stock to block fundamental corporate proposals which are favored by 80% of the C Stockholders, even if most D Stock is held by a cohesive voting group.
Liquidation	After allocating assets to the two Liquidation Accounts, the B&C Stock is first paid a value of $1.00 per share.	The liquidation preference for the B&C stockholders might exhaust the remaining assets so that the D Stockholders would receive nothing in liquidation. However, holders of D Stock are next entitled to receive $2.00 per share before any further distribution to holders of B&C Stock.
Mandatory Exchange		The board can require a mandatory exchange of D Stock for C Stock. If a holder of D Stock is not eligible to own C Stock (because the holder is not a Company employee), D Stock must be resold for cash at the formula price. The mandatory exchange can be caused by the Board without a vote of the Stockholders. Thus, holders can be forced to sell D Stock even though they may wish to retain such stock.
Repurchase Obligations		If more than 10% of D shares are tendered for repurchase in a year, the Board may elect to satisfy repurchase obligations by delivering a two-year promissory note instead of cash. This provision is applicable only to D Stock, not to B&C Stock. The D Stockholders have risk that under adverse financial circumstances during the two-year period, the Board would continue to repurchase B&C stock for cash, thus depleting the Company's resources, or that the Company would otherwise incur losses, in either case increasing the credit risk of such "D noteholders".
Conversion Rights	B&C Stock generally can be converted into D Stock at the end of each year.	Holders can convert D Stock into C Stock only in connection with an offering of C Stock to employees. Conversions are limited to the value of C Stock offered, if any.
Public Trading		D Stock can become Publicly Traded without a vote of the holders of D Stock. Public Trading eliminates the Company's duty to repurchase D Stock. If the Company is not required to repurchase D Stock, holders of D Stock have the risk that there will not be a sufficient number of willing buyers to provide an efficient public market, with resultant price uncertainties.
General Risk	• The Board is authorized to take a number of actions which could result in disparate treatment between classes of stock. These actions include: (1) payment of dividends; (2) issuance of new shares; (3) repurchase of repurchase obligations; (4) transfers of assets to satisfy legal liabilities; and (5) pursuit of new corporate opportunities. • Immediately after the exchange, the holders of B&C Stock and D Stock will be identical. Any "disadvantage" of owning D Stock is balanced by the "advantage" of owning B&C Stock. Over time, individual holders may vary their proportions of B&C Stock and D Stock, and in the aggregate, the holders of B&C Stock and D Stock will change because of stock transactions. • These general risks may be greater risks for D Stockholders than B&C Stockholders if the Board (which has more C than D directors) continues its discretion to take actions which favor the C Stock to the detriment of the D Stock. However, the Board has a fiduciary duty to act with due care in the best interests of all stockholders, regardless of class.	